EXHIBIT B

Lexington

Lexington Precision Corporation

800 Third Avenue, 15th floor
New York, NY 10022
www.lexingtonprecision.com

CONFIDENTIAL
FOR SETTLEMENT DISCUSSION PURPOSES ONLY
This Document is submitted pursuant to the confidentiality agreements between Lexington Precision Corporation and the Members of the Ad Hoc Committee of Noteholders and its contents are protected by Rule 408 of the Federal Rules of Evidence.

March 10, 2008

Mr. Robert Chung
Hedgehog Capital LLC
1117 East Putnam Avenue, #320
Riverside, CT 06878

Mr. Michael Satzberg
Jefferies & Company, Inc.
11100 Santa Monica Boulevard, 11th Floor
Los Angeles, CA 90025

Mr. J. T. King
Cape Investments, LLC
One Georgia Center, Suite 1560
600 West Peachtree Street
Atlanta, GA 30308

Mr. Douglas Schimmel
Sandler Capital Management
711 Fifth Avenue, 15th Floor
New York, NY 10022

Mr. Rip Mercherle
Valhalla Capital Partners LLC
2527 Nelson Miller Parkway, Suite 207
Louisville, KY 40223

Mr. Nicholas Walsh
Wilfrid Aubrey LLC
100 William Street, Suite 1850
New York, NY 10038

Gentlemen:

As you know, Lexington and its advisors believe that the terms the Ad Hoc Committee has set forth for an extension of our forbearance agreements do not leave us in a viable position to move forward with the sale of our Medical Division to Trelleborg AB. As a result, we plan to pursue a financial restructuring that does not encompass the sale of the Medical Division.

Although we anticipate, based upon our earlier discussions with your group, that we will have to accomplish this restructuring through the mechanism of chapter 11, we would prefer to avoid the expense and disruption such a proceeding would entail. Consequently, we are proposing an out-of-court financial restructuring on the terms set forth in the attached term sheet. Also enclosed are a Proforma Ownership Schedule and a Proforma Debt Schedule.

The proposed restructuring would leave Lexington with a debt load that is very manageable. Of equal importance, the restructuring would place the Company in a position to take advantage of the many new business opportunities that are available to us in the marketplace, but that have been held back by automotive and medical device customers who are concerned with our financial position. With this capital structure, we are confident that we will be able to increase the value of Lexington's common stock far beyond the $4.50 per share price at which we are proposing to convert debt to equity. This share price equates to an enterprise value of approximately $100,000,000.

The proposed restructuring requires that we enter into a new senior, secured credit facility to finance our operations. North Fork Business Credit, which offered us a very attractive facility in the context of the sale of our Medical Division, has modified that proposal to provide for a $43.3 million facility that would be adequate for our needs after completion of our proposed restructuring. If your group were prepared to accept the proposed restructuring, we would move expeditiously to complete the North Fork financing.

As we discussed by phone last Tuesday, we would like to set up a meeting with you tomorrow to discuss our proposal in more detail.

Very truly yours,

Michael A. Lubin
Chairman

3/10/2008

Proposed Debt Restructuring

Non-Affiliated Holders of 12% Senior Subordinated Notes.

The holders of Lexington's 12% Senior Subordinated Notes (the "Notes") other than Warren Delano and Michael Lubin and their families and affiliates ("Non-Affiliated Noteholders") hold claims for principal and interest that will total approximately $33,898,000 at April 30, 2008. These holders will receive the following:

(1) 50% of their claims (approximately $16,949,000) in new 12% Senior Subordinated Notes due August 1, 2013; and

(2) 50% of their claims in Common Stock at a conversion rate of $4.50 per share (approximately 3,766,000 shares)

Non-Affiliated Noteholders will receive the right to designate two Board Members.

Existing warrants to purchase Common Stock at $3.50 per share through July 31, 2009, will remain outstanding.

Affiliated Holders of 12% Senior Subordinated Notes.

Warren Delano and Michael Lubin and their families and affiliates will convert 100% of their Notes and accrued interest, which will represent total claims of approximately $9,977,000 at April 30, 2008, into Common Stock at a conversion rate of $4.50 per share (approximately 2,218,000 shares).

Existing warrants to purchase Common Stock at $3.50 per share through July 31, 2009, will remain outstanding.

13% Junior Subordinated Notes.

Michael Lubin will convert the 13% Junior Subordinated Notes and accrued interest, which will represent a total claim of approximately $425,000 at April 30, 2008, into Common Stock at a conversion rate of $4.50 per share (approximately 94,000 shares).

Existing warrants to purchase Common Stock at $3.50 per share through July 31, 2009, will remain outstanding.

Series B Preferred Stock.

The Series B Preferred Stock will remain outstanding and new shares of Series B Preferred Stock will be issued in respect of accumulated but unpaid dividends totaling $43,000. The current dividend rate of 4% will continue and a new redemption schedule beginning in 2010 will be established.

Conversion Rate of $4.50 per Share.

The conversion of notes and accrued interest at the rate of one share of Common Stock for each $4.50 of claim represents a total enterprise value of Lexington of approximately $100 million.

3/10/08

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Proforma Ownership Schedule as of April 30, 2008

	Outstanding Before Conversion		Conversion	Outstanding After Conversion	
Delano, Lubin, Family and Affiliates	2,920	58.2%	2,312	5,232	47.2%
Other Common Stock Holders Group	2,101	41.8%		2,101	19.0%
Other Senior Subordinated Noteholders		0.0%	3,786	3,742	33.8%
	5,021	100.0%	6,098	11,075	100.0%